

For the calendar year 1998, or fiscal year

beginning _____, 19_____, and ending _____, 19_____

Attach to your return

Name(s) as shown on Form 140, 140PY, 140NR, 140X, 120, 120S, 120X or 165	Your social security number or federal employer ID number
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- 1 Has the business been certified as a qualified defense contractor by the Arizona Department of Commerce? Yes ☐ No ☐
If the answer to this question is no, the business is not eligible for the defense contracting credits.

Part I Net Increase in Defense Employment Positions

2 Average employment during the current taxable year under United States Department of Defense contracts	2		
3 Employment baseline	3		
4 Net increase in defense employment positions - subtract line 3 from line 2	4		

Part II Net Increase in Qualified Private Commercial Employment Positions

5 Net increase in private commercial employment positions	5	
6 Number of new qualified private commercial employment positions. See instructions	6	
7 Net increase in qualified private commercial employment positions. Enter the lesser of line 5 or line 6	7	

Part III Credit Calculation for Qualified Employment Positions

		(a) Number of qualified defense positions	(b) Number of qualified commercial positions	(c) Credit per qualified employment position	(d) Allowable credit
8	Qualified net new employment positions			\$2,500	\$
9	Qualified employment positions in the second year of existence			\$2,000	\$
10	Qualified employment positions in the third year of existence			\$1,500	\$
11	Qualified employment positions in the fourth year of existence			\$1,000	\$
12	Qualified employment positions in the fifth year of existence			\$500	\$
13	Total				\$

Part IV Credit Calculation for Property Taxes Paid on Class Three Property

14 Amount paid as taxes on property in Arizona classified as class three pursuant to ARS § 42-162	14			
15 Percent based on net new defense employment positions. See instructions	15		•	
16 Multiply line 14 by line 15	16			
17 Percent based on defense contract income divided by total gross income. See instructions	17		•	
18 Allowable credit for property taxes. Multiply line 16 by line 17	18			

Part V S Corporation Election and Shareholder's Share of Credit**FOR S CORPORATIONS ONLY**

19 The S corporation has made an irrevocable election for the taxable year ending _____, 19____, to:

(CHECK ONLY ONE BOX)

☐

1 Claim the defense contracting credits as shown on Part III, line 13, column (d) and Part IV, line 18 (for the taxable year mentioned above);

OR

☐

2 Pass the defense contracting credits as shown on Part III, line 13, column (d) and Part IV, line 18 through to its shareholders (for the taxable year mentioned above).

Signature

Title

Date

If passing the credit through to the shareholder, complete lines 20 through 23 separately for each shareholder.

Furnish each shareholder with a copy of the completed Form 302.

20 Name of shareholder _____

21 Shareholder's TIN _____

22 Shareholder's share of the amount on Part III, line 13, column (d). _____

23 Shareholder's share of the amount on Part IV, line 18. _____

Part VI Partnerships Only - Partner's Share of Credit

Complete lines 24 through 27 separately for each partner.

Furnish each partner with a copy of the completed Form 302.

24 Name of partner _____

25 Partner's TIN _____

26 Partner's share of the amount on Part III, line 13, column (d). _____

27 Partner's share of the amount on Part IV, line 18. _____

Part VII Available Carryover

		(a)	(b)	(c)	(d)	(e)	(f)
28	Carryover credit from taxable year ending						
29	Original credit amount						
30	Amount previously used						
31	Available carryover - subtract line 30 from line 29.						
32	Total available carryover						

Part VIII Total Available Credit

33 Current year's credit for qualified employment positions. Individuals, corporations, or S corporations - enter amount from Part III, line 13, column (d). S corporation shareholders - enter amount from Part V, line 22. Partners of a partnership - enter amount from Part VI, line 26

34 Current year's credit for property taxes paid on class three property. Individuals, corporations, or S corporations - enter amount from Part IV, line 18. S corporation shareholders - enter amount from Part V, line 23. Partners of a partnership - enter amount from Part VI, line 27

35 Available carryover from Part VII, line 32, column (f)

36 Total available credit - add lines 33, 34 and 35. Enter total here and on Form 300, Part I, line 1 or Form 301, Part I, line 1

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34					
35					
36					